

REQUEST FOR PROPOSALS
Comprehensive Fiscal Analysis for
Proposed Incorporation of San Martin
(DUE DATE AND TIME: Monday April 30, 2007 at 5:00 PM)

I. Objective

The Local Agency Formation Commission (LAFCO) of Santa Clara County is seeking proposals from professional service firms to prepare a Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of the community of San Martin.

II. Background

LAFCO received a petition and application for the incorporation of the Town of San Martin in February of 2007. The petition was signed by approximately 31% of the registered voters in the area. The population of the area is estimated at about 5,000 persons, with 2,824 registered voters. The proposed new town includes lands bounded by the sphere of influence of Gilroy to the south, the sphere of influence of Morgan Hill to the north, Watsonville Road to the west and New Avenue to the east. Attachment A shows the proposed boundaries.

The stated reasons for the incorporation of San Martin are to have local control of land use and growth, to create a locally accountable governing body that is more visible and accessible to the local residents and to legally recognize San Martin as a community with the attributes of a town. The proponents had an initial fiscal feasibility study completed in July 2003 by Economic and Planning Systems. A copy of the document is available on the LAFCO web site. www.santaclara.lafco.ca.gov

A Comprehensive Fiscal Analysis (CFA) must be completed prior to LAFCO's consideration of the incorporation proposal. The CFA must conform to the requirements in the Cortese Knox Hertzberg Act (CKH Act) and be consistent with the Incorporation Guidelines prepared by the State Office of Planning and Research. Santa Clara LAFCO will also be adopting policies and procedures for processing incorporations (consistent with state law and guidelines)

Santa Clara LAFCO desires to contract with a qualified consultant to prepare an independent and impartial comprehensive fiscal analysis for the proposed incorporation of San Martin and assist with other related tasks necessary for incorporation proceedings. The final report will become the property of LAFCO and will be the subject of LAFCO review and public hearings and will form the basis for fiscal determinations and findings related to the proposed incorporation.

III. Scope of Services

Under the direction of LAFCO, the consultant will develop a CFA for the proposed San Martin. Duties include the following and any other duties that might be necessary to accomplish these specified duties.

- Prepare an inventory of existing agencies and public service providers in the proposed incorporation area
- Request and gather financial and service level data from all agencies and current service providers in the area
- Prepare a service plan and collect data and analyze costs associated with providing the services
- Establish base year costs and revenues and develop a base year budget for the proposed city
- Identify cities appropriate for cost comparison and include their information
- Establish population estimates and projections and document all assumptions and data sources
- Establish land use and development estimates and document all assumptions and data sources
- Working with LAFCO, document and analyze boundary alternatives and the fiscal effects of such alternatives, for the proposed new town
- Calculate estimated transfer of property tax from county to the new city
- Develop budget projections; including 10 year projected costs and revenues for the new town and the financial effect on any affected agencies
- Develop a transition period budget for the initial (partial) year following incorporation
- Analyze financial feasibility for incorporation of San Martin
- Prepare requests for financial information from all affected agencies, County departments and other entities, necessary to calculate service costs and revenue transfers for the proposal. Provide technical assistance to responders, as needed, to ensure adequate responses
- Determine costs and review financial effects of revenue changes on all affected agencies, the County and other entities
- Identify options for revenue neutrality and /assist LAFCO staff, as needed in the facilitation of revenue neutrality negotiations between the incorporation proponents and agencies affected by incorporation
- Review, develop and prepare proposed determinations, terms and conditions for revenue neutrality and other financial matters, for inclusion in the Executive Officer's report and recommendation, LAFCO resolutions, consideration by LAFCO; provide related technical assistance to LAFCO staff and the Commission
- Provide up to four public workshops and /or public hearings to ensure public and commission understanding of the CFA, its assumptions, methodologies and conclusions
- Prepare an administrative draft CFA for staff and counsel review consistent with the overall time line for incorporation proceedings. Prepare a public review draft

CFA for public review and hearing consistent with the overall time line for incorporation proceedings. Respond to comments as directed by the Executive Officer

- Prepare final CFA report
- Develop a detailed timeline for each step of the fiscal analysis process, consistent with LAFCO's overall schedule for the proposal
- Provide 10 copies of the administrative draft CFA for internal review, including one copy in digital format. Provide 50 hard copies of the public review draft CFA for LAFCO to distribute. Provide 50 copies of the final CFA. All documents shall also be provided in digital format.

The final scope of services will be based on Consultant's approach to the project and will be negotiated with the firm selected and will be included in the services agreement.

IV. Budget

Consulting firms should include a detailed project budget for the scope of services. The anticipated project cost of the proposal should not exceed \$100,000.

The preparation of the CFA will be managed by LAFCO and the funding will be provided by the proponents of the San Martin incorporation. Subject to negotiation of a final agreement, it is anticipated that payments will be tied to task completion increments or other milestones. Work will not be authorized beyond what the proponents have deposited with LAFCO at any given time. LAFCO will not be liable for payment beyond the balance of the proponent's deposits.

V. Schedule

It is anticipated that the firm will start work towards the end of **May 2007**. Timing is a concern to LAFCO because of the June 2009 sunset date in the state legislation for the VLF benefits for new incorporations and also because of the provisions in the CKH Act relative to the time sensitivity of the fiscal data. It is desired that the LAFCO hearings on the San Martin incorporation occur as early as possible in 2008. The detailed schedule for this project must be consistent with the overall schedule for project processing and will be negotiated with the firm selected for the work prior to reaching an agreement. A tentative timeline for proposed incorporation is attached. See Attachment C.

VI. Proposal Requirements

Response to this RFP must include all of the following:

1. A statement about the firm that describes its experience as well as the competencies and resumes of the principal and all professionals who will be involved in the work. This statement should describe the firm's level of expertise in the following areas:
 - Familiarity with CKH Act, the role and functions of LAFCO, and the incorporation process

- Experience in local government fiscal analysis, preferably involving incorporations
 - Experience in governmental organization analysis
 - Management level understanding of how the full range of municipal services are financed and delivered
 - Ability to analyze and present information in an organized format
 - Familiarity with public input processes and experience in handling the presentation and dissemination of public information for review and comment
 - Ability to provide flexible and creative alternatives where necessary to resolve service, fiscal and policy issues
2. Identification of the lead professional responsible for the project and identification of each professional(s) who will be performing various aspects of the day-to-day work.
 3. A list of similar projects completed by the firm with references for each such project, including the contact name, address and telephone number. Also, provide a sample report for one project.
 4. A statement regarding the anticipated approach for this project, and a scope of work outlining and describing the main tasks and work products.
 5. Identification of any information, materials and/or work assistance required from LAFCO and / or involved agencies or proponents to complete the project.
 6. An overall project schedule, including the timing of each work task.
 7. Information about the availability of all professionals who will be involved.
 8. The anticipated project cost, including:
 - a. A not-to-exceed total budget amount.
 - b. The cost for each major sub-task identified in the scope of work.
 - c. The hourly rates for each person who will be involved in the work.
 9. A statement regarding the firm's ability to comply with the standard provisions of the Agreement including insurance requirements. See Attachment B.

VII. Submission Requirements

DUE DATE AND TIME: **Monday April 30, 2007 at 5:00 PM**

Proposals received after this time and date may be returned unopened.

NUMBER OF COPIES: 7 original copies and 1 fully reproducible copy

DELIVER TO: Neelima Palacherla
 LAFCO of Santa Clara County
 70 West Hedding Street, 11th Floor
 San Jose, CA 95110

Note: If delivery is to be in person, please first call the LAFCO office (408-299-6415 or 5127 or 5148) to arrange delivery time.

VIII. Evaluation Criteria and Selection Process

Firms will be selected for further consideration and follow-up interviews based on the following criteria:

- Relevant work experience
- Completeness of the responses
- Overall project approaches identified
- Qualification of key project team members
- Reference checks
- Proposed project budget

An interview/selection committee will conduct interviews and the most qualified firm will be selected based on the above evaluation criteria. Interviews will tentatively be held **between May 7th and May 11th**. The selection committee is expected to make a decision soon after. Following the selection of the most qualified firm, a final services agreement including budget, schedule, and final Scope of Services statement will be negotiated before executing the contract.

LAFCO reserves the right to reject any or all proposals, to issue addenda to the RFP, to modify the RFP or to cancel the RFP.

IX. LAFCO Contact

Neelima Palacherla, Executive Officer
LAFCO of Santa Clara County
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X. Attachments

Attachment A: Map of proposed boundaries for San Martin
Attachment B: Draft Professional Services Agreement and insurance obligations
Attachment C: Tentative Timeline for proposed San Martin Incorporation

XI. Reference Information

For general information about LAFCO of Santa Clara County, refer to its website: www.santaclara.lafco.ca.gov

For the State Office of Planning and Research's Incorporation Guidelines, visit the website: www.opr.ca.gov